November 7, 2020

Governmental Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, Connecticut 06856-5116

Re: Projects 3-20 and 3-25
Delivered via E-mail to director@gasb.org

To the Board and Staff:

I CAN’T BELIEVE IT! Less than five years after coming precariously close to truthful financial reporting for state and local governments (SLG), the Governmental Accounting Standards Board (GASB) is, again, pandering to politicians and professional preparers to the impairment of the public and our posterity (see preamble to the U.S. Constitution).

When two things are said to be true, the following, and only the following is true: one thing is true and the other is not or both things are not true. Thus, Projects 3-20 and 3-25 if enacted by GASB will perpetually produce falsehood.

I refuse to be lured into the trap of responding point by point to either proposed GASB statement related to Projects 3-20 and 3-25. Thus, I will address what I consider to be the only reason for the continued existence of GASB, which would be nullified by the adoption of these two statements.

Full accrual accounting, while not perfect, is the only basis of accounting that provides information on what occurred, when it occurred, what were the financial costs, and under whose watch did it happen. To add short-term accrual accounting to the mix of what certified public accountants (CPA’s) must attest for SLG financial reports, intentionally provides the smoke that politicians and professional preparers need to obscure the transparency the public must see reflected in the mirror.

What the public needs is for GASB to stand for truthful financial reporting. This means full accrual for all levels of financial reporting including individual funds. This means required full accrual budget comparisons in order to get a clean opinion.

Let me be clear that GASB would not be usurping SLG’s sovereignty over its budgeting process. But the requirement for a clean opinion (the foundation of GFOA’s Certificate of Achievement) under generally accepted accounting principles (GAAP) promulgated
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Response to Projects Number 3-20 and 3-25 Exposure Drafts

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by GASB, would be full accrual budgeting. Whatever budget the SLG officially adopts would be compared to full accrual actuals.

It would be noted if such budgets were not on the proscribed basis and a subject to opinion would be required. In such situations, SLG’s would face explaining unimaginable budgetary variances to users of the financial statements. This would be true public accountability.

Full accrual budget accounting being a requirement of GAAP, would then become what differentiates and causes the continued need for GASB separate from the Financial Accounting Standards Board (FASB). Short of that, the public would be better served if SLG had to follow GAAP promulgated by FASB with only the exception of equity reporting.

I request to participate in the public hearings being held in Chicago, Illinois on April 13 and 14, 2021. I will make this request separately if necessary.

Yours truly,

Richard H. Skiba, Jr.

As an individual